

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 09/15)

Fiscal Year 2016/17	Business Unit 3360	Department California Energy Commission	Priority No.
Budget Request Name 3360-007-BCP-DP-2016-GE		Program DEVELOPMENT	Subprogram RESEARCH AND DEVELOPMENT

Budget Request Description
Public Goods Charge (PGC) Ramp-Down for the Public Interest Energy Research Electric Program

Budget Request Summary

This proposal identifies the reduction of nine positions and \$1,291,000 from the Public Interest Research, Development and Demonstration Fund. This proposal is in response to the sunset of the authority to collect the Public Goods Charge (PGC) on January 1, 2012. As a result, the PGC program is in its final year of a multi-year phased staff reduction that was initiated in Fiscal Year 2012/13.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

☐ FSR ☐ SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	Date	Reviewed By <i>W. Wait</i>	Date <i>8/28/15</i>
Department Director <i>[Signature]</i>	Date <i>8-28-15</i>	Agency Secretary <i>[Signature]</i>	Date <i>8/28/15</i>

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ CALSTARS ☐ Dept. of Technology

BCP Type: ☐ Policy ☐ Workload Budget per Government Code 13308.05

PPBA

Original Signed By:
Ellen Moratti

Date submitted to the Legislature
11/16

BCP Fiscal Detail Sheet

BCP Title: Public Goods Charge Ramp-Down for the Public Interest Energy Research Electric Program

DP Name: 3360-007-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Positions - Temporary	0.0	-9.0	0.0	0.0	0.0	0.0
Total Positions	0.0	-9.0	0.0	0.0	0.0	0.0
Salaries and Wages						
Earnings - Permanent	0	-722	0	0	0	0
Total Salaries and Wages	\$0	\$-722	\$0	\$0	\$0	\$0
Total Staff Benefits	0	-569	0	0	0	0
Total Personal Services	\$0	\$-1,291	\$0	\$0	\$0	\$0
Total Budget Request	\$0	\$-1,291	\$0	\$0	\$0	\$0

Fund Summary

Fund Source - State Operations						
0381 - Public Interest Research, Development, and Demonstration Fund	0	-1,291	0	0	0	0
Total State Operations Expenditures	\$0	\$-1,291	\$0	\$0	\$0	\$0
Total All Funds	\$0	\$-1,291	\$0	\$0	\$0	\$0

Program Summary

Program Funding						
2390019 - Research and Development	0	-1,291	0	0	0	0
Total All Programs	\$0	\$-1,291	\$0	\$0	\$0	\$0

Personal Services Details

Positions	Salary Information			<u>CY</u>	<u>BY</u>	<u>BY+1</u>	<u>BY+2</u>	<u>BY+3</u>	<u>BY+4</u>
	Min	Mid	Max						
1139 - Office Techn (Typing) (LT Term Exp. 06-30-2016)				0.0	-1.0	0.0	0.0	0.0	0.0
3583 - Mech Engr (LT Term Exp. 06-30-2016)				0.0	-2.0	0.0	0.0	0.0	0.0
4184 - Energy Commission Spec I (Tech Eval & Develmt) (LT Term Exp. 06-30-2016)				0.0	-1.0	0.0	0.0	0.0	0.0
4841 - Electric Generation Sys Spec I (LT Term Exp. 06-30-2016)				0.0	-1.0	0.0	0.0	0.0	0.0
4847 - Electric Generation Sys Program Spec I (LT Term Exp. 06-30-2016)				0.0	-1.0	0.0	0.0	0.0	0.0
5157 - Staff Svcs Analyst (Gen) (LT Term Exp. 06-30-2016)				0.0	-1.0	0.0	0.0	0.0	0.0
5393 - Assoc Govtl Program Analyst (LT Term Exp. 06-30-2016)				0.0	-1.0	0.0	0.0	0.0	0.0
5837 - Energy Analyst (LT Term Exp. 06-30-2016)				0.0	-1.0	0.0	0.0	0.0	0.0
Total Positions				0.0	-9.0	0.0	0.0	0.0	0.0

Salaries and Wages	<u>CY</u>	<u>BY</u>	<u>BY+1</u>	<u>BY+2</u>	<u>BY+3</u>	<u>BY+4</u>
1139 - Office Techn (Typing) (LT Term Exp. 06-30-2016)	0	-42	0	0	0	0
3583 - Mech Engr (LT Term Exp. 06-30-2016)	0	-214	0	0	0	0
4184 - Energy Commission Spec I (Tech Eval & Develmt) (LT Term Exp. 06-30-2016)	0	-74	0	0	0	0
4841 - Electric Generation Sys Spec I (LT Term Exp. 06-30-2016)	0	-98	0	0	0	0
4847 - Electric Generation Sys Program Spec I (LT Term Exp. 06-30-2016)	0	-112	0	0	0	0
5157 - Staff Svcs Analyst (Gen) (LT Term Exp. 06-30-2016)	0	-57	0	0	0	0
5393 - Assoc Govtl Program Analyst (LT Term Exp. 06-30-2016)	0	-69	0	0	0	0
5837 - Energy Analyst (LT Term Exp. 06-30-2016)	0	-56	0	0	0	0

Total Salary and Wages	\$0	\$-722	\$0	\$0	\$0	\$0
Staff Benefits						
5150350 - Health Insurance	0	-171	0	0	0	0
5150600 - Retirement - General	0	-398	0	0	0	0
Total Staff Benefits	\$0	\$-569	\$0	\$0	\$0	\$0
Total Personal Services	\$0	\$-1,291	\$0	\$0	\$0	\$0

Analysis of Problem

A. Budget Request Summary

This proposal identifies the reduction of nine positions and \$1,291,000 through the Public Goods Charge (PGC) for the Public Interest Energy Research (PIER) Program. This proposal is in response to the sunset of the authority to collect the PGC on January 1, 2012. As a result, the PGC program is in its final year of a multi-year phased staff reduction that was initiated in Fiscal Year (FY) 2012/13.

The Energy Commission ramp-down of PIER-Electric activities:

- The PIER Program encumbered the remaining available program funds in contracts and grants by June 30, 2013. Staff managed these contracts and grants until their completion or the end of the contract or grant agreement period of performance.
- The PIER staff will review and publicly post the final reports and research reports resulting from PIER funded research to ensure the public and California ratepayers obtain the maximum value from the existing funds as the program is brought to closure.
- The following nine remaining PIER positions will be eliminated as of July 1, 2016: Energy Generation Systems Program Specialist I, Electric Generation System Specialist I, Mechanical Engineer (2 PY), Energy Commission Specialist I, Energy Analyst, Associate Governmental Program Analyst, Staff Services Analyst, and Office Technician.

B. Background/History

Beginning with the enactment of Assembly Bill 1890 (Brulte, Chapter 854, Statutes of 1996) and continuing through legislation passed in 2006, the state authorized ratepayer funding and established programs to dramatically increase the proportion of research and development, renewable energy, and energy efficiency serving California utility customers. This legislation recognized that California's long-term economic health, environmental protection, and continued technology leadership, in part, depended on these public interest programs which included energy efficiency; research, development and demonstration (RD&D); low income; and renewable programs.

Senate Bill 90 (Sher, Chapter 905, Statutes of 1997) created the Public Interest Research, Development, and Demonstration Fund (PIER) and authorized funds to be transferred to the Energy Commission for purposes of public interest research, development and demonstration to be transferred to the newly created PIER fund.

C. State Level Considerations

The authorization for the continued collection and expenditure of California's PGC funds sunset on January 1 2012.¹ The PIER Program supports a large number of state policies (Assembly Bill 32 (Nunez, Chapter 488, Statutes of 2006), Senate Bill 1078 (Sher, Chapter 516, Statutes of 2002), Senate Bill 107 (Simitian, Chapter 464, Statutes of 2006), Senate Bill 1250 (Perata, Chapter 512, Statutes of 2006), Assembly Bill 118 (Nunez, Chapter 750, Statutes of 2007), and many Executive Orders) and will no longer be able to support these activities. The PIER fund continues to draw down; all PIER staff related activities will conclude in FY 2015/16.

D. Justification

As PIER Program funds collected prior to January 1, 2012 are expended, the resource needs have decreased.

¹ Section 399.8 (c) (1) of the Public Utilities Code states, "The commission (California Public Utilities Commission) shall require each electrical corporation to identify a separate rate component to collect revenues to fund energy efficiency, renewable energy, and research, development and demonstration programs authorized pursuant to this section beginning January 1, 2002, and ending January 1, 2012."

Analysis of Problem

To complete the fiduciary responsibilities of the state in the management and oversight of the remaining PGC funds, the ramp-down plan was organized in a manner that allowed sufficient resources to complete the ongoing contract and grant award activities, manage these agreements during their performance periods, and to complete the grant and contract close-out processes. The PGC ramp-down plan calls for a reduction of the final nine PIER positions in FY 2016/17. This is in addition to the previous reductions of four staff in FY 2012/13, 6 staff in FY 2013/14, 31 staff in FY 2014/15 and 22 staff in FY 2015/16.

E. Outcomes and Accountability

Because the authority to collect the PGC sunset on January 1, 2012, the PIER Program will be ramped down and concluded. The ramp-down plan was established to ensure the PIER Program would complete its fiduciary responsibilities when managing public funds and ensure the state received the best value for the use of the funds as the program is brought to a close. As the PIER Program is concluded, normal reporting will continue until there is no longer a need for such reporting.

F. Analysis of All Feasible Alternatives

Implement PGC Ramp-Down Plan. As the authority to collect monies for the PGC sunset on January 1, 2012, the only viable option is to ramp-down the PIER Program. The continued ramp-down has been designed to ensure the largest amount of program funds are used for program activities and the support and overhead funds are limited to the amount required to meet the state's fiduciary responsibilities.

The proposed ramp-down plan allows the research contracts and grants to be completed as scheduled and the state to receive the value and benefits expected while still ramping down the program staff and expenses.

G. Implementation Plan

The PGC ramp-down plan calls for the elimination of the final nine PIER positions for FY 2016/17:

Electric Generation System Program Specialist I	1 PY
Electric Generation System Specialist I	1 PY
Mechanical Engineer	2 PY
Energy Commission Specialist I	1 PY
Energy Analyst	1 PY
Assoc. Governmental Program Analyst	1 PY
Staff Services Analyst	1 PY
Office Technician	1 PY

H. Supplemental Information

None.

I. Recommendation

The Energy Commission recommends approving the PGC ramp-down as requested: elimination of the final nine PIER positions and \$1,291,000 in FY 2016/17.